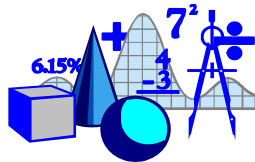


Customer-Focused Dealer Development

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CUSTOMER-FOCUSED DEALER DEVELOPMENT

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CUSTOMER-FOCUSED DEALER DEVELOPMENT

Introduction

Throughout my involvement in the Ag industry, I have been asked if I would invest in an Ag dealership if I had a few extra million lying around. My honest answer is “*probably not*” but not for the reasons most of my questioners assumed. In my case, it is simply that I enjoy my current role in the industry. However, I decided to play a “*what if?*” game.

What if I did decide to purchase or start an Ag dealership? What would I do to generate the kind of business that would put me into the top tier of Ag dealerships? Would I have a single store or would I opt for a multi-store operation? How would I go about developing my business? What are some of the things I would avoid doing?

Another question I have often been asked is, “*What would you do to grow an Ag dealership?*” In this case, the questioner was looking for a step-by-step approach to sales and marketing.

Overview and Scenario

This paper was written to answer these questions. It is written in the first person for convenience and readability. What I decided to do in writing this paper was to avoid some of the operational issues that apply to most businesses like the Ag dealership. There

are some obvious business decisions such as choosing a corporation type or being a sole proprietor, putting into place succession plans and so on. I have chosen to assume that I was a sufficiently good business person with adequate professional advice to have dealt with those issues. Instead, I decided to limit myself to growing the business from scratch, not simply to doing business. Therefore, this is not a comprehensive paper on how to start a new dealership. It has a more narrow focus – acquiring business. I started out with some basic assumptions. These were:

1. I had chosen a major manufacturer and had fulfilled all the requirements of that manufacturer in regard to buildings, equipment and location (s).
2. My business is open and ready to operate.
3. I have all the people in place.
4. I am sufficiently capitalized.
5. I am looking at a plan of action from today.
6. I already have a good knowledge of equipment and the equipment market.

Because I had so many scenarios to choose from in starting this mythical dealership, I was forced to choose one – *I am starting an Ag dealership catering to the full-time farmer from scratch*. My manufacturer is either not yet represented in the area or has not been for some time. This is referred to as an “*open*” area. There are several competing dealerships but they sell equipment from other manufacturers. I do not have any in-line competition. I am already reasonably well-known in the community but in a different capacity. I have been operating another business – any business – in the area. While I

may be known in the business community, this is my first attempt at the Ag market and I am not known to the farmers. I had to choose this scenario because it is unlikely that I, or anyone else, would start a brand new business in an area with which I was not familiar. I chose this scenario because it allowed me to concentrate on the things I would need to do to get started quickly.

After writing this paper, I came to realize that this scenario actually could work for other scenarios. For example, an established dealer could use some of the ideas to increase market share in an area that had been dominated by another dealership.

I tried to write a step-by-step approach and decided this would not work for this paper because there are several things that must be done simultaneously. The headings, therefore, do not necessarily follow a prescribed order of doing things.

I had some help with this paper. Before I started, I emailed several industry veterans and asked them to tell me ten things they would do in this example. I also asked other industry people who attended my workshops to describe the three things they would do under these circumstances. I am indebted to them for their contributions. Their names and their inputs are listed at the end of this paper.

Focus

The strength of a dealership does not depend on diversity of products but on the focus the dealership has on its market and its customers. Rather than trying to be everything to everybody, I would concentrate on understanding the farming market in my area and catering to the needs and wants of the farmers in my area. The products I would carry and my marketing efforts would be tied to this focus. The farmers in my market would consider me a specialist for them rather than a generalist who could almost be a hardware store. My focus would be on helping farmers do better on their farms.

Anything that deviated from this focus would have to have a very good reason for me to even consider it.

This focus would carry down to every employee in the dealership, particularly the sales people. Not only would they be focused but we would develop a system that ensured this. Each person in the dealership would be accountable to this focus. We would check ourselves regularly to make sure that we had not strayed from our focus. The whole organization would be constructed around this focus.

Our vision simply stated: ***We are here to help farmers do better on their farms.***

Don't Dip the Toes

One of the most important things I learned from my involvement with several dealerships is that this is not an industry for the faint of heart. You must either get in or stay out. If you do not have the capital and intestinal fortitude, you are better off in a different, safer environment. This is a capital-intensive business that requires enormous hard work, long hours and patience. If you want to “*try the water first*”, you are almost certain to fail. Therefore, the decision to get into the business in the first place should be carefully weighed.

Farmers are not very tolerant of dealers who do not have the inventory they require on hand or, at the very least, available in a very short space of time. They want to see that you have committed to the industry and to their businesses. In short, they want to see a lot of equipment on your lot. They want to see bulk. They want to know that you have enough parts on hand for the equipment you sell and even the equipment you do not sell.

I would not be as concerned about what my manufacturer wanted me to carry but what my potential customers wanted and I would make sure I had enough to satisfy them.

My first requirement would be of myself – that I possess courage. This is not reckless courage but is fuelled by carefully calculated business decisions.

Look Like You Belong

The dealership must look like a business and like it means business. It must have the proper signage, the right equipment on the lot and people who look as if they are doing business. I would check out my competitors to see what equipment they stock and how much of it – and the movement – and I would try to emulate them to some degree. This is not simply copy cat inventory. If they keep certain types of equipment and there is constant movement of that equipment, it tells me that this is what the customers are buying. I want to be seen to be catering to those farmers.

This also means that I would have enough machines out there that it looked like I belong in the industry. I have seen dealerships whose lots look bare even though they may have equipment in the shop or at the back. There has to be a variety of machines that fit into the market I am in. When people drive by, they must immediately get the impression that I am one of the big players in the industry. Later, I will make sure that they perceive me to be the biggest player in their market.

The difficulty will be to do this without going broke. Rather than keeping a whole lot of equipment for the sake of having bulk, I would keep a good representative inventory and position them so as to appear as if I have more than I do. I would place used equipment in between to add to the impression. There will be constant movement of machines so that the lot does not take on a stagnant look. I would make sure that I have the right equipment for the area. The equipment I have must move and not sit there charging me interest. If I pre-sell equipment, and I intend to do a lot of that, then I will allow that

equipment to sit on my lot for a while before delivery. I would focus on what I order so as not to overload my dealership with expensive interest-bearing equipment that does not move. Here is a dilemma – farmers want to see the equipment so they can look at it and demo it and so that they know you are a serious player but they also want fresh paint. In other words, they prefer to get brand new equipment delivered from the factory. I would manage the inventory to allow them to be able to do exactly that.

Used equipment would be treated in the same way as new. There must be constant turns and constant movement of used. Again, I would pre-sell many of the trades I take. If we take a trade that has not been pre-sold, a quick decision would be made on its future. If we felt we can spruce it up and find a home for it, that is what we would do. If we feel that it is “*astronaut equipment*”, we would jockey it out immediately. Even the used equipment that we keep will have a limited life span on our lot. We would determine the life span at the time of the decision to take it and we would stick to our decision.

There has to be a consistent look to my buildings, my fleet of vehicles and my people. I would want to project an image that is in keeping with what the farmer has become accustomed to seeing but at a higher level. Everything about my dealership must scream professional. My service trucks and all company vehicles would always be in top condition with my store name and the name of my manufacturer prominently displayed.

Not only would I want to be visible in the area, I would want to control the impressions farmers have of my dealership as much as I can.

Single or Multi-Store?

Whether I start with a single or a multi-store operation would depend on the amount of capital I would have at my disposal. My goal would certainly be to become a multi-store operator as quickly as possible. While a single store does make life somewhat easier and one could make a reasonably good living out of it, my chances of true success would improve with a few connected and well-run stores. Why?

Done correctly, a multi-store operation would give me bigger clout in the communities I choose to be in. The image factor is very important here. Farmers will quickly become aware of the size and scope of my operation and they will afford me some measure of respect for it. Admittedly, in some cases, this could be a grudging respect.

It would allow me to utilize some economies of scale. While many multi-store operations have discovered that these economies of scale can often be severely limited in the case of dealerships, there would be enough for me to be able to trim per-store expenses.

If the stores are placed strategically, it would allow me to virtually control a larger contiguous area than would be possible with a single store. I would be able to “corral” more customers and draw more traffic per store.

The bigger my operation, the more I would expect to sell and, therefore, the bigger clout I would have with my manufacturers. The multi-store operation would present better parts buying potential.

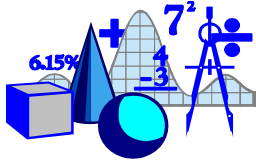
My true competitors in the area would likely be multi-store operations so I would need to be able to compete at their levels. If I am competing with single stores, my organization might just intimidate them.

Finally, this is the way of the future anyway. Most dealerships have already realized this. In the highly competitive Ag market, the single store will become more and more disadvantaged.

Having said all that, I would not model my multi-store operation on the way many multi-store dealers operate today. Dealers buy other dealers or merge with other dealers and then treat the businesses as individual businesses. In many cases, the first dealership did not have the right processes in place in the parent store and then either tried to impose those flawed processes on the acquired dealership or used different processes in the acquired dealership. The result is a group of dealerships with one dealership run by a very harried owner and several other dealerships with absentee ownership.

I would make sure that the first dealership was a near-perfect model that could be transposed to other locations. Each time I acquired another dealership, I would train their people in my processes while taking into account the local culture. Instead of running as separate businesses, they would be considered as one. A farmer coming into one store should have the same experience as he would at any one of my other stores. Once I

launch out into additional stores, I would begin branding my store name and look. Every additional purchase would be made based on how they would fit this branded image.



Start With the Right People

When one reads the inputs from my contributors, one thing stands out – they all stress that one should get the right people. This is extremely important. Mark Jones told me of a dealer who lamented after he had been in business for several years that he had not imagined the enormous challenge of managing people. Les Olson, who is starting out a dealership in almost exactly the same circumstances as my mythical dealership, told me that he was hiring people based on their abilities to be marketers, people who had the ability to talk and that he could send out to make cold calls. He said the technicians found this more difficult than the others but they quickly adapted because they had the right stuff to begin with.

Technicians should be the most competent with the right training and experience. They should already have a level of proficiency turning wrenches and understanding the workings of the equipment they would be working on. They should also possess some people skills or be prepared to be taught them. Their job description would include doing very specific things to promote my service business.

Parts people should have a thorough understanding of the parts department and the customers they serve. They should have the willingness and the ability to interact with people on the phone and be prepared to make many cold calls. They should be personable and look professional because they would be expected to make many on-farm calls. They would be expected to be proactive in acquiring parts business.

Office personnel should know how to relate to customers as well as keep the paperwork flowing seamlessly.

Sales people should have a good understanding of what they are supposed to be doing. They should come with a good work ethic, a reasonable education and a caring for customers. They should not be frightened off by prospecting and cold calling.

Managers of all departments should know how to get their people to do the work with pride and how to continuously develop them to become better each year.

Contrary to current popular opinions, I would hire a sales manager from day one. This sales manager would share my sales philosophy and should be able to impart it to the sales people. He (or she) would create business opportunities in the market place, develop the sales people to become true equipment consultants and help them to develop strategic sales plans for their territories.

Dealers constantly complain about how difficult it is to find good people but they do exist and I would go out of my way to find and then retain the best I can get. I might have to pay more and provide better benefits but, as a firm believer in you get what you pay for, I would structure my employment plans to attract and keep these superior people. My people would not only have better employment pay but also better employment opportunities. Each person would have a career development plan with definite career paths to follow. This is another benefit of multi-store operations – one can create more

career advancement opportunities for employees. Each employee would undergo a thorough orientation so that they would know the mission of the dealership, how they fit into it and what is expected of them.

Because this industry does not normally attract top sales people, I would look outside of the industry to find sales people who want to make a difference. Farming or equipment experience would be helpful but not a deal breaker. I can teach them about equipment. I would not hire someone from another dealership unless certain severe criteria were absolutely met. They should have all of the qualities I would be looking for and they should have a verifiably good reason for having left their previous dealership. Since sales people can make an enormous difference in the growth of a dealership, I would select carefully. I would want sales people who have high motivational energy, clear goals and no serious call reluctance. I would prefer college graduates who are willing to learn. In a study I conducted a few years ago, I found that a poor sales person can cost a dealership up to five market share points. (One cannot even calculate the true cost of a poor technician, parts person or manager.) I would avoid the poor sales person and, if I made a hiring error, I would cut my losses fast.

Since I might not attract the right people immediately, I would begin from day one to grow my own. I would continue to grow future employees because the future of my business will depend on having these competent employees. I would strive to become the employer of choice in my areas.

Analyze the Market Area

This would be high on my list of priorities. I would want to know how much business I could reasonably do in the area. This analysis would include the types of machinery in the area, the numbers of each type and who owned them. It would also include the parts and service business I could get immediately and the parts and service business I would have to develop.

I would segment my trade area into manageable geographic segments and begin immediately to identify every single prospect in each of the geographical segments. I would categorize prospects in terms of buying power with four categories – A, B, C and D. The A category would include the largest farms who use the most equipment and the D category would consist of the very small farms that would not qualify as Weekenders. Those would be a separate list of categories. Another category would be government business opportunities and other non-ag business opportunities. I would similarly categorize the aftermarket potential customers.

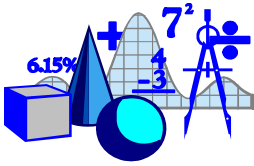
One way to identify prospects is to log on to a local government web site that shows which farmers received payments from farm agencies over the last five years. The site lists the names and locations of these farmers as well as the names of their corporations and even their wives' names in some cases. You can generally tell who the largest producers are from the size of the farm payments they received. If they received upwards of \$150,000, the chances are that they are the largest farmers in the area. If they received from \$100,000 to \$150,000, you could classify them as medium-sized farmers.

Using plat books and manufacturer databases, I would cross-reference with the names from the web sites to zoom in closer to where I want to be with the information. I would want to get to the top 20% first so I would look to identify them as clearly as possible from day one. Then I would learn more about them. I would want to know which ones lived on the farms and which ones lived in town. The ones living on the farms would be easier to get hold of and these are the ones I would call first since my sales people need productive stops right out of the shoot.

As prospects are identified, I would map them out in the geographical segments. Based on my knowledge of the geography, I would identify which prospects were most likely to buy the different pieces of equipment I would sell. This identification process could be done by using manufacturer data, county maps, plats, the internet and good old “eyeball” prospecting. I would personally drive through my entire trade area and make notes of what I saw in terms of likely prospects.

Once I had gathered sufficient data, I would analyze this data to determine my best approach to the market. I would section out the areas where I am most likely to achieve success early. Success at this stage would not necessarily mean big sales but simply where I could make even small sales immediately since my objective would be to gain customers quickly. As a sales person, I know that it is always easier to sell to someone who had previously bought from you as long as the first experience had been pleasant.

On this basis, I would take small sales as building blocks to bigger sales. My sales people and everyone in the dealership would be taught how to identify the quick sale no matter how small.



100% Absorption Rate

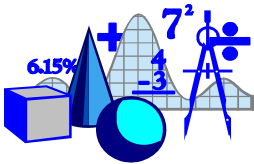
As part of my trade area analysis, I would identify parts and service sales and where I could achieve these quickly. My goal would be to attain a 100% absorption rate as quickly as possible. A 100% absorption rate will guarantee that whole goods sales will remain high. As Bill Fogarty states, nothing generates cash faster than having a few technicians pulling wrenches. My service blitz would begin simultaneously with my quest for whole goods sales.

From day one, my parts and service departments would be proactive in getting parts and service business. The parts manager would be charged with identifying prospects for parts for equipment that I do not sell or have not yet sold and then launching a cold calling blitz to bring in customers. Customers would be asked for their email addresses so that we could email them specials on parts. He would also set up a system to accept and fulfill parts orders on-line.

The service manager would develop a list of service prospects on equipment that I had not sold or would not sell. He would train the technicians to call service prospects on the phone to drum up service business and even to make on-farm calls.

Both the parts and service managers would call on the larger farmers to introduce themselves and to develop a business network among the farmers in the area.

Our goal in the first few months would be to get farmers accustomed to coming into our store for parts and bringing us their equipment for repairs or service. We would help them by providing discount coupons and by taking on even the smallest jobs. Our attitude would be that, for every service job we get, that customer's machine is not in a competing dealership and every service job we get gives us an opportunity for a whole goods sale.



Steal, Steal, Steal – Strategically!

I would start out knowing that many people in the area would be against me. Every potential customer would currently belong to another dealer. These competing dealers would not likely hand their customers to me on a plate and might even actively work against me. My sales force would be out in the country every single day promoting my dealership and developing ties with prospects. Those who cannot or will not cold call would be quickly eliminated.

If I am to achieve any sales, I would have to become a master thief. Every customer I acquired would come at the expense of another dealer. Therefore, I would have to know my competitors well and deliver better business service than them.

My sales people would be trained from day one to begin developing business relationships with the farmers. This does not mean making friends. It means learning how to advise the farmer and how to become part of his business. Most dealers talk about good customer service and many provide it – after the sale. My sales people would be delivering good customer service before the sale. While they would strive to also become friends, they would always remember that this is a business relationship with business expectations on both sides. In this way, I would hope to avoid the many bidding wars later.

All sales people would be required to develop strategic sales plans for their territories. They would start with the gathering of data to determine the value of the territories that

they would be working in. They would set first year targets with the sales manager. These targets would include dollar volume, profit dollars, numbers and types of equipment (new and used) to be sold, and numbers and categories of customer acquisitions.

They would develop a plan of action based on the targets. A one-year activity schedule would be drawn up slotting in all of the customer activities, both individual and store activities. Customer action activities would include things like open houses, clinics, demos, on-farm visits by different store personnel, profiling and other dealership events. The equipment units would be slotted in the months that they could be expected to be sold. A list of activities designed to achieve the targets would be listed and then slotted into the available time slots. Action items would include a specific number of cold calls to be made daily, numbers of phone calls, numbers of person-to-person calls, sales presentations, speeches where appropriate and so on. The annual planner would be broken down into monthly and daily planners. These strategic plans would be reviewed by the sales manager and the sales people on a monthly basis. The sales manager would develop incentives for the sales people to reach the targets that they jointly set. Sales people would be encouraged to include personnel from other departments in the planning stages and would be taught how to reward them for leads, help with customers and introductions.

The sales manager would be required to provide me with a strategic plan for the entire area of responsibility and we would review this plan monthly. His plan would incorporate the strategic sales plans of the sales people.

Each week the sales people would be required to provide the sales manager with a plan for the coming week that would include the people they intend to call on. At the end of each week, the sales people would deliver a written report to the sales manager on their activities for that week.

All strategic plans, including the sales manager's, would be accessible to all sales people. These would be discussed at least once each month in sales meetings.

The parts manager and the service manager would be expected to deliver strategic sales plans for their departments. These would include targets for dollar volume broken down into component parts, numbers of new customers to be acquired, and profits. They would list the activities required to achieve these targets similar to those of the sales people. They would draw up an annual plan that slotted in all of the activities that need to occur on the dates that they need to occur. These annual plans would be broken down to show monthly and weekly activities.

The department managers would be required to share their visions with their respective employees and to sell their employees on their plans. They would hold a special departmental meeting once each month to update their employees on their progress towards their targets. Employees would be asked for input at these meetings to improve the chances of reaching targets.

All sales people, and initially the parts and service managers as well, would be required to spend an agreed-upon number of days in the field talking to farmers about the dealership and the needs of the farmers. Parts people would make phone calls. So would the technicians. Everyone in the dealership would have some responsibility to contact the potential customer base. The target would be to contact every potential customer in some way within the first three months.

Each farmer contacted would be asked if he or she would like to receive the monthly newsletter that the sales manager would create and publish each month. This newsletter would contain items of interest to the farmer such as ways to maximize yields or to save on fuel. It would also contain information on the latest equipment technology and special offers from the dealership.

All farmers would be asked if they would like to receive the newsletter via email – an ezine – and to provide their email addresses. They would also be asked for permission to send them parts, service or whole goods specials via email.

Sales people would have to line up a number of equipment demos. Rather than simply dragging the tractor out and leaving it on a farm for a day or so, sales people would be taught how to capitalize on demos. They would learn how to ensure that there was an audience of interested prospects at each demo and how to use the demo to generate even more interest. They would learn how to qualify prospects that attend before the demo began and how to secure follow up commitments after the demo had been completed.

Processes

Since 90% of selling is process and only 10% is inspiration, I would develop the right sales processes immediately. Each sales person would be taught what the process was, what it was designed to do, why they should follow it and what would happen if they did not.

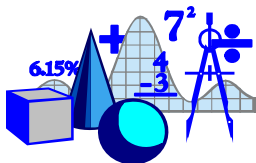
Processes would include things like how to prospect, how to approach a customer, the various paperwork and follow-through processes when a sale is made, and the follow-up process when a sale is not made. Processes would also include the steps needed to be taken to develop the business relationship to the point of becoming the Ag Equipment Consultant to the farmer. Each step of the way would be clearly mapped out for the sales people to follow. They would also include when and how to complete a profile on customers and how to analyze the profile.

The processes would be thought through carefully and then automated as much as possible. The sales people would be taught how to use the automation to make them more efficient. Computer skills would be a requirement of the job. I would look at database management software that allows me to store and retrieve profile information and that allows me to generate reports based on the data. A program called *Act!* could be one of the first things I would buy.

Know Thine Enemy

As part of my territory analysis, I would thoroughly research my competition. My sales people would become familiar with their equipment and how it compared to mine. They would be expected to know the competition's equipment at least as well as the competition's sales people. They would learn about the programs offered by other manufacturers and know how it compared to the programs my manufacturer offered. I would get as much of this information from my field person and make sure my sales people understood it.

We would compile a database and profiles of all our competing dealers so that we could learn about how they operated. We would constantly be monitoring their ads and their lots to understand how they operated. We would keep this database and the profiles updated regularly so that we did not fall behind. Since all behavior is data, we would observe how their people acted in the field and use this information to gain an edge in the market.



Meet the Customers

Sales people would constantly be out in the field, meeting prospects and learning about their operations. As soon as is reasonably possible, I and/or the sales manager would host several small dinners and invite farmers of similar size to come and meet us. These informal dinners would be used to publicize the dealership and to begin developing relationships with the farmers. I would assume that they would be as curious about me and my dealership as I would be about them and that they would come to dinner simply to check out this new face in town.

The biggest players and the most influential in the community would be invited to a series of small but elaborate dinners. I would want to meet the people who play pivotal roles in the farming community. I would use whatever contacts I had in the business community to influence them to come. My bank manager and my manufacturer field personnel could help in this effort.

Everyone who attended a dinner would be told in advance that we would not try to sell them anything at the dinner. However, I would make sure to let each farmer know that one of my sales people would follow up with them afterwards. To make it easier, I would have purchased a number of special gifts that the sales people would deliver when they made these follow up calls.

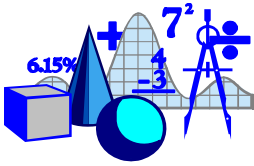
Sales people would be encouraged to organize “*meet the boss*” events that I would attend to mix and mingle with them and to enhance the relationships my sales people will be trying to forge.

I would identify high-profile community organizations to join. These would be organizations that would give me access to the farmers I would be looking for. I would play an active role in these organizations and make significant time and effort contributions to developing them.

I would seek out meetings that farmers attended and made sure that I or my sales people became members and actively participated in them. Each sales person would have to belong to at least one farmer organization and attend at least one function each month. This would continue long after the initial blitz.

As soon as possible, I would hold a grand opening event at the dealership and invite everyone in the farming community to attend. This would not be just another “*open house*” but would have some excitement. I would acquire the services of a known country and western entertainer and design the event in such a way that all attendees would be exposed to the different parts of the dealership. The local press would be invited and local celebrities would be featured as part of the speeches. If possible, I would have the mayor or some other influential dignitary do the official opening. I would make this an event that people would be talking about for months after. This would also send a very chilling message to my competitors.

For the first several months, I would be in the store to personally greet all customers coming in and to make them feel important and special.



The Secondary and Tertiary Markets

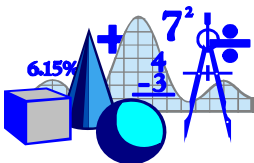
One question my sales people would ask of every prospect would be, “*Do you buy new or used?*” My purpose would be to identify those customers who could be prospects for the trades we will take. Since we will be taking many trades, it becomes important to immediately develop this secondary market. We would identify our secondary and tertiary markets in this way. We would develop strong working relationships with farmers in these markets. Even when we have nothing to sell them, we will constantly be in touch with them to learn how and when they trade. When we do have equipment that they might be interested in, we would be able to contact them to see if they could buy at that time. We would also be looking for trades for them once we know what they are likely to buy. Before we take any trades, we would be able to call them to determine if there was an interest and to determine how much they would likely pay for the trade we were considering taking.

Knowing the secondary and tertiary markets would have other advantages. It would allow me to get by with less used inventory! How? As my sales people meet farmers in these secondary and tertiary markets, they would immediately begin profiling them, particularly in regard to what equipment they currently owned. My used inventory would be all around me. Whenever a prospect comes in and tells me that we do not have any used equipment, my answer would be, “*What do you want?*” I would be able to draw on the used equipment on farms around me as well as my manufacturer’s used web site and Iron Solutions to fulfill used equipment needs even when I had very little used inventory myself.

Rub the Right Shoulders

As mentioned earlier, I would join some influential organizations in the community. I would deliberately socialize with some of the members so as to identify myself as being part of this inner circle. I would look for opportunities to become part of a board that either creates policy in the farming community or one that influences policy. Money is always a differentiating factor so I would align myself with the money people and serve on the same committees that they do. I would make use of manufacturer contacts to help me in this regard. Many manufacturers have valuable contacts that they can introduce me to.

I would take an interest in any local Ag college because I would want to be identified as having an interest in furthering the education of people entering the industry. This would also give me entrée to young prospective employees. I would create a working internship with the colleges so that students could get credit for working part time in my dealership.



The Value of the Brand

There are some dealers who feel that they are better off carrying only shortlines. I believe this is a mistake. Most shortlines sell better in a full brand dealership. Having a known brand has some immediate benefits. Prospective customers already know the major brands because of their long history and marketing efforts. There is tremendous value in placing a Deere, Case IH, New Holland, Massey, Caterpillar or Agco sign up. These signs are instantly recognizable and bring with them instant credibility. Simply having the signs up will bring customers walking through the doors. The majors have field personnel that could benefit my dealership and they already have long-standing contacts in the community that could benefit me.

I would make sure that I lean heavily on the major brand I had chosen. I would have as many pieces of equipment and parts that carry that brand as I can and I would actively promote the brand. This would be in my best interests. Every time I promote the brand and make it stronger, I benefit.

As for shortlines, I would take on those that offer me access to stuff that I cannot get from my manufacturer. The emphasis would be on quality since this is what I would build my reputation and business on. One of the considerations in choosing a shortline would be that it enhances rather than detracts from my major brand. The shortline should help me sell the major brand better. Price and profitability would be important but would always come second to quality and enhancing the major brand.

Differentiate Yourself

All dealerships sell iron. All have parts and service departments and all say that they are the best around. Customers have heard it all before. I would look for other ways to differentiate myself. This would be one of the most important items on my agenda. To differentiate myself, I would look closely at what my competitors were doing and then do some of those things much better or differently. My entire business would be run through the eyes of my customers so I would want to know what they want and expect from a top notch dealership.

Focus meetings would be held fairly regularly to make sure that we were always in touch with what the customer wanted. These meetings would be conducted by third parties to allow for more freedom of exchange. The reason for these meetings would not be to hear how good we were but to learn what we might be doing wrong or to find out what else the customer would like from us.

Every person in my dealership would understand the role that he or she played in my dealership as far as customer satisfaction is concerned. Because customer satisfaction begins with employee satisfaction, I would make my dealership a vehicle for my employees achieving their personal dreams. We would run regular contests based around customer satisfaction and the treatment of customers coming in. Poor customer service would be an absolute non-negotiable behavior resulting in two warnings and then termination. Every employee would be shown what poor customer satisfaction looked like so there would be no room for misunderstandings. Every employee would

understand that nobody has the right to jeopardize the continued employment of all employees in the dealership. Once customer service starts to deteriorate, it goes downhill fast and we could lose the business and put a number of families in jeopardy.

Since equipment does not differentiate dealers, I would work hard on the one factor that does – people. There would be a continuous people development program in place that would have high priority in the dealership. We would eventually have the best-trained, most customer-focused group of people in the industry. We would aim to become not just the dealer of choice but the employer of choice in our area.

Customer service would not be a lighter-than air slogan. All employees would learn the importance of it from their first day in the dealership. Badmouthing would not ever be tolerated. Neither would temper tantrums or rude behavior towards customers. We would differentiate ourselves by being that one dealership where employees are genuinely happy and genuinely care about the customer.

Sales people would be taught to deliver service *before the sale*. This means developing the right business relationships before any sale even takes place. This would further differentiate us because customer service for my competitors means after sales service. My sales people would be taught how to make themselves part of the farmer's business and how to deliver value in the relationship even before they make sales.

Training

From day one, there would be a commitment to training of all people in the dealership. This would not be training for the sake of training. Training would be considered an on-going process essential to the dealership. We would create a learning environment. One of our hiring criteria would be the trainability of the employee.

Each employee would have a personalized training program drawn up for a year at a time. The required skill sets, people skills and business expertise would be determined each year and a plan of action drawn up to acquire these within a year. This would be true for managers too – and for myself.

One of the training opportunities would be membership in one of the more advanced 20 Groups. Another training opportunity would be in-house cross-training utilizing the skills and expertise of employees.

Managers of all departments would devote half a day each week to the personal development of one employee working for them.

Employees who enroll in college courses would be eligible for a reimbursement program that encouraged this type of education whether it was job-related or not. We would consider supporting a local college that could provide courses that we would need for our employees.

We would use training in the following order:

1. In-house cross training
2. In-house management training of employees
3. Manufacturer-provided training
4. Outside training consultants
5. Colleges

The first two represent the most cost-effective ways to train. People would not have to travel and we could schedule training days at our convenience. Manufacturers provide very good training programs at bargain-basement prices. I would certainly take advantage of those. However, not all of their training programs may fit my focus so I would choose the ones I wanted carefully.

Outside training consultants are expensive. Therefore, I would challenge them to provide customized training for my dealership rather than to bring in off-the-shelf training. I would want to be able to measure the results of the training. Since I would be paying much more than my manufacturer would charge me, I would have the right to demand more.

Colleges, especially Ag colleges, could provide training not available elsewhere. I would look into the training they offer, especially for my managers and me.

Delivering Value to the Customer

Most dealers claim that they deliver value to the customer and many genuinely do. However, even some of the best dealerships view value from their own perspective. We would continuously be monitoring our customers and soliciting their feedback so that we delivered value that they considered value. Our sales people would be developed to become true Ag Equipment Consultants. We would use whatever resources available to get them to this level. We would have a solid program of development that might take years and every sales person would have to go through it. There would be no exceptions. Sales people would learn to sell through the eyes of the customer.

Price is an important part of the Ag industry. While we would strive to deliver the best products and services at the lowest possible cost to the customer, we would never forget that we need to be profitable to be able to continue to do this. As a way to get away from price, our sales people would be trained to become partners with our larger farmer customers. Our goal would be to handle all the equipment needs of a farmer not just sell one machine at a time. This would include parts and service. We would strive to get our customers to leave the purchasing and maintenance of their equipment in our hands. We would always make sure that we constantly earn this right by acting in the best interests of the customer.

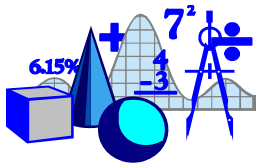
Our sales people would learn more than product knowledge. They would understand how and why farmers buy, the businesses of the farmers and how different brands can satisfy the specific needs of the customer. Our sales people would learn how to help the farmer

do better business. They would have a thorough understanding of finance and how it can be used creatively to help the farmer acquire the right equipment, not the cheapest. They would learn at least the basics of business but from a practical aspect so that they could understand some of the things business people go through.

Profiling would be an important part of learning about our best customers and of staying ahead of the customer. This would be non-negotiable. Sales people who cannot or will not profile and maintain the profiles would have a short career with us.

We would assume the responsibility of getting our sales people to this level and would source out any training that could move them in the right direction.

By developing top people who are able to partner with the farmer customer, we would set ourselves apart from the competition and become the dealer of choice for the farmer.



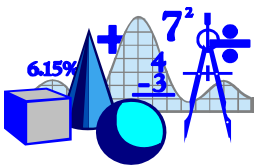
What is a Strong Dealer?

At a manufacturer meeting in January, 2003, I did a presentation to field personnel about what I felt a strong dealer looked like. These were the bullet points.

1. Is able to compete effectively with any competitor in his market place.
2. Is financially sound and fiscally responsible.
3. Effectively covers his area of responsibility.
4. Provides high quality products and services to his customer base.
5. Is not just shooting prices.
6. Sets the standard in his area of responsibility. Someone is going to. It might as well be him.
7. Effectively develops his customer base.
8. Effectively develops his people on a continuous basis.

One could add to this list, and one should, to determine what would constitute a good dealership from an individual's perspective. What one should be looking at is how I can develop the best possible dealership with the limited resources I have.

If the vision is to become the best, then a way can be found.



Excerpts from Contributors

1. Do a thorough market analysis
 2. Select the proper area (location...location...e.g. Wal-Mart – Cracker Barrel)
 3. Provide adequate facilities
 - outside display inside display
 - parts & service areas ability to expand
 4. Retain a healthy financial position ---
 - expense sales to ratio
 - cash liquidity a must
 5. Proper personnel a must
 - Parts office service sales
 6. Have an annual business plan
 7. Become an integral part of the business community (good neighbor)
 8. Align with high quality servicing vendors
 9. An ongoing promotional plan
 - co-op advertising customer appreciation day
 - participate in local FFA groups
 10. Clearly Identify sales goals and provide incentives to department heads
 - accordingly
 11. Develop, maintain and execute a business image at all times (a
 - lackluster event if not careful)
-

1. Hire trained sales people familiar with the "AOR".
2. Identify and meet the top producers, the largest farmers.
3. Hire a sales manager who is heavy with people skills and time management.
4. Hire a parts/service manager who would profile potential customers beginning with the top producers.
5. Conduct a fact-finding dinner with top producers. Identify what they want from the dealership.
6. Select one or two community activities for dealership involvement.
7. Develop a strategic plan based upon facts from #5 and continue #5 on a quarterly basis as needed.
8. Develop a monthly employee training program using supplier offered programs.
9. Identify competition, their strengths and weaknesses.
10. Develop a web site, conduct as much business and give as much information as possible via same.

The very first step for me would be to hire Sales Academy for help and direction in all of the above.

Believe number 3 should come first so that person has a buy-in to others hired.

The strategic plan would include market share goals assigned to each sales person/AOR with, of course, performance incentives.

1. Leadership
2. People
3. Processes well defined and accountability
4. Inventory discipline
5. Unmatched service capability
6. Metrics and method to consistently measure them
7. Outlets for used equipment, outside territory if necessary
8. Weak competitors
9. Access to capital
10. Focus
- and maybe
11. Stupidity

-
1. Location of dealership
 2. The RIGHT people (trained and motivated)
 3. Financial strength
 4. Good product availability
 5. Effective advertising
 6. Planning with defined goals
 7. Customer surveys and focus meetings to understand their needs and desires
 8. Be able to deliver "Knock your socks off service" every time to the customer
 9. Niche market and product
 10. Motivate! Motivate! Motivate!
-

1. Clear goals, guidelines, direction from management
2. Motivated, knowledgeable, focused sales people
3. Knock your socks off parts and service with absorption at 100%
4. Clear focus of core market/products
5. Used equipment turn 4x or greater
6. Control Aged
7. Clear focus of growth markets
8. High employee loyalty and morale
9. Be our customers' first choice
10. Gross margin 15% whole goods - Expense at 10% of sales and profit at 5% or greater

-
1. Find the right people that want to go the extra mile to deliver exceptional customer satisfaction
 2. Offer one thing that the customer can't get anywhere else
 3. Develop a used market to satisfy the new sales
 4. Design dealership to make the home owner/life styler feel welcome
 5. Develop a product you can't live without
 6. Have parts and service and sales available to accommodate the hours of the customer
 7. Know the product enough to be able to sell the customer the machine that he needs, not only what he thinks he needs

8. Control people way of thinking diversity, have one-stop shopping from credit, insurance, product, and value
 9. Location, Location, Location
 10. Have the resources to develop a long lasting relationship with customers and suppliers
-

-
1. Locate store on high traffic retail road
 2. Build core on smaller equipment, lawn and garden with less emphasis on large Ag equipment
 3. Lengthen store hours to accommodate customers who work traditional 8-5 jobs
 4. Have an intensive customer profiling program for target marketing
 5. 75% of advertising done by direct mail to prospects from profiles, last 25% of advertising in mass markets
 6. Only keep technicians that can sustain a recovery rate of 75% or better
 7. Hire slow, Fire fast -- the name of business is people, people, people.
 8. Create your customer base close to your front door then work out
 9. Continually satisfy your customers so they become your best sales force
 10. Find what the market wants and sell it to them
-

1. Hire and train the very best staff possible, making sure they understand what is important to my business philosophic and that they can relate to me while providing the best service to my customer base. Make sure they know the "main thing" (purpose and objective) for our business. There must be full understanding and commitment. Sales, Office, Parts, F & I and administrative staff are all on the same page and operating as a team for total dealership objective.
2. Get my business in front of every customer, making sure they understand I have the product, parts and service to support the equipment they use - Newspaper, radio, TV, direct mailer, web site. Know the competition - what are their programs? - what are their objectives? - what is their reputation in the community? - how do they handle customer service?
3. Insure that I have differentiated myself from both my inline and other manufacturer's competition. Special financing programs that no one else is offering but that strike a cord with my business prospect. Combo packages ... matching a tractor to complementary equipment that puts together a total package for the "sundowner", landscaper, weekend warrior, etc.
4. Insure that all sales personnel are properly trained at identification of customer needs to include training from the major manufacturer I support, outside consultants and finance specialists.
5. Establish weekly meetings (communicate expectations and results) with key personnel that have meaning, focus on "what's the main thing", identify best practices, what works and moves the customer to the sale faster, and replicate with each sales contact and sales person.

6. Establish a sales review process - identify prospects - review results of sales calls - identify with the salesperson the customer's needs and objectives - prepare solutions that meet customer needs (perceived and real), become the consultant to the customer. Review the "main thing" with the sales group to insure everyone is working toward the same goals – identify training needs, determine if the group can meet the expectation – dehire anyone that cannot or will not rise to meet the goals.
7. Work with local agencies i.e.: Farm Bureau, Cooperatives and county services to put together programs that encourage the customer base to improve their farming efficiencies. "Become the Expert" in the eyes of the community - become the consultant that everyone looks to for affordability (finance) and equipment.
8. Send out monthly newsletters that force the reader to evaluate their farming practices and needs for improvement – provide value-added to the community beyond equipment sales.
9. Have a plan in place to manage inventory levels - maximize program discounts – pre-sell equipment - utilize other methods to make sales in advance of equipment delivery – i.e.: future delivery, finance options - sell used prior to approaching customer for trades.
10. Have a normal review process in place to assess personnel development with training programs in place to improve skills for those employees that can add value and a policy in place to dehire those that cannot or will not and be firm in this area of managing the business.

I presume I get to start this business with adequate capitalization, etc., so that I get to hire competent personnel for all departments, etc., also had adequate information about the area I was to serve -- who are the farmers, what do they own, etc. Maybe this is part of what the former departing dealer sold me.

First thing I would do would be to launch a service blitz -- get tractors and combines in the shop for repair work. Nothing generates instant cash for a dealership like a half dozen techs pulling wrenches. So with this cash, I can minimize my interest payments. Maybe this extra cash is used to enrich my people in terms of their education -- plenty of product training, plenty of selling-skill training. From there, I'd want my sales people doing the things you train them to do -- make calls, calls, calls. I would join a Dealer 20 Group. I think that would get me started.

-
1. Break down the number of units sold per horsepower category (spray volume, acres in farming, etc.) in a particular region of interest.
 2. I would put my dealership on a busy road near a pick-up truck dealer, 4 wheeler dealer, snowmobile dealer, etc... (farmers are interested in these things as well)
 3. I would hire outgoing, young, eager people who are willing to go down anyone's driveway.
 4. I would continually put my face or my employees' faces where people can see them. (My dad always buys from the person who tries hardest)
 5. My building would not be fancy, but it would be very open and spacious.

6. The grass would always be mowed underneath the equipment. I don't want customers thinking that I take shortcuts.
7. I would call every farmer in the area to let them know that I am in business and that I will be stopping over for a VERY short visit just to introduce myself and my team.
8. I would advertise in the local papers as well as in the farm interest magazines.
9. My employees have to enjoy working for me, so I will make sure that once per month we have an employee meeting with food, pizza, soda...
10. My shop would be the heart of the business. The parts counter and the shop would be open and spacious. My parts manager and service manager will have continuing education on how to interact with customers.

-
1. Closely watch profit margins – low balls and trade-ins.
 2. Continual review of department budgets
 3. Look for new opportunities and new products.

-
1. Invite customers into the dealership to show them the products you sell.
 2. Advertise – local papers and radio.
 3. Make cold calls.

-
1. Cold call.
 2. Advertise.
 3. Do demos.
-

1. Use competent and reliable vendors.
2. Make commitment to employees for continuous education on new equipment.
3. Sell dealership as a total package.
4. Continuing education to stay on the leading edge.

-
1. Identify the markets.
 2. Develop a rental fleet.
 3. Focus on specialty areas – crop spraying, forage harvesting.
 4. Become an expert.
 5. Offer 24/7 service and parts at key times.

-
1. Develop a business plan.
 2. Train sales people on product.
 3. Call Frank Lee for sales training.

-
1. Set up a business plan.
 2. Schedule training for all people.
 3. Advertise.

-
1. Develop a business plan that includes a customer list.
 2. Do product training.
 3. Provide service training.
-

1. Develop a business plan.
 2. Take the business plan down to the level of the sales people.
 3. Have a sales incentive program to encourage sales.
-

1. Look into the future to see where the Ag market is going.
 2. Check to see what the top products are that are selling in the area.
 3. Decide which major line best fulfils what is currently being offered in the area.
-

1. Develop reasonable goals for all departments with rewards attached.
 2. Maintain a bright, clean appearance in all departments.
 3. Have all employees working as a team.
-

Leadership and Planning:

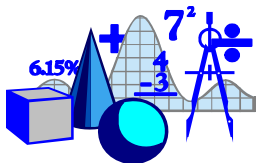
1. Write and share with all employees an annual strategic plan that includes a mission statement and identifies long and short term goals for customer support, financials, marketing and operational performance.
2. Develop annual departmental budgets and action plans linked to strategic goals.
3. Review strategic plan progress with all employees quarterly.

Marketing and Sales

1. Have adequate facilities and equipment to support the level of complete goods, parts and service potentials.
2. Determine market potential and develop a marketing plan to achieve specified market share and sales goals for new and used complete goods, parts and service.
3. Conduct complete trade area profiling to identify all current and potential customers in each market.

Employee Development

1. Make sure all departments are professionally staffed to meet the projections of the dealership.
2. Use a systematic program to develop dealer personnel.
3. Have a compensation plan linked to business goals.
4. Have an employee review process.



Acknowledgements

I am indebted to the following persons for contributing their thoughts and ideas. The preceding listed ideas came from them. They helped me lock on to key issues and clarify my thoughts. All of them are veterans in the Ag industry.

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Bob Hilleque

Todd Frisk

Roger Murdock

Steve Boothe

Ray Bassett

Les Olson

Frank Lee

Frank Lee, president of Sales Academy, Inc., has been consulting in the Ag equipment industry since 1994. During that time, he has:

- Trained over 7000 people at dealership and manufacturer levels
- Completed his 4-month Successful Dealer Behaviors Program in 150 dealerships
- Developed several sales and sales management workshops and programs specifically for the Ag equipment industry. (His “*Managing Iron Salespeople Workshop*” receives rave reviews from dealer owners and sales managers.)
- Spoken at several industry functions
- Written and published 2 books that have become industry standards – “*P.A.S.S. C.A.L.F. – 8 Behaviors of Sales Success in an Agricultural Dealership*” is for dealer sales people and “*Managing Iron Salespeople*” is for dealer sales managers. Both books have been used as required reading in 4 Ag colleges.
- Developed the International Ag University in an alliance with Jerkins Creative Consulting, an industry first
- Become one of the most respected and recognized consultants in the industry

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